OUTLINE

OF

DEVELOPMENT PLAN

FOR

MALTA

1973 – 1980

International Labour
Office
- 5 FEB 1974
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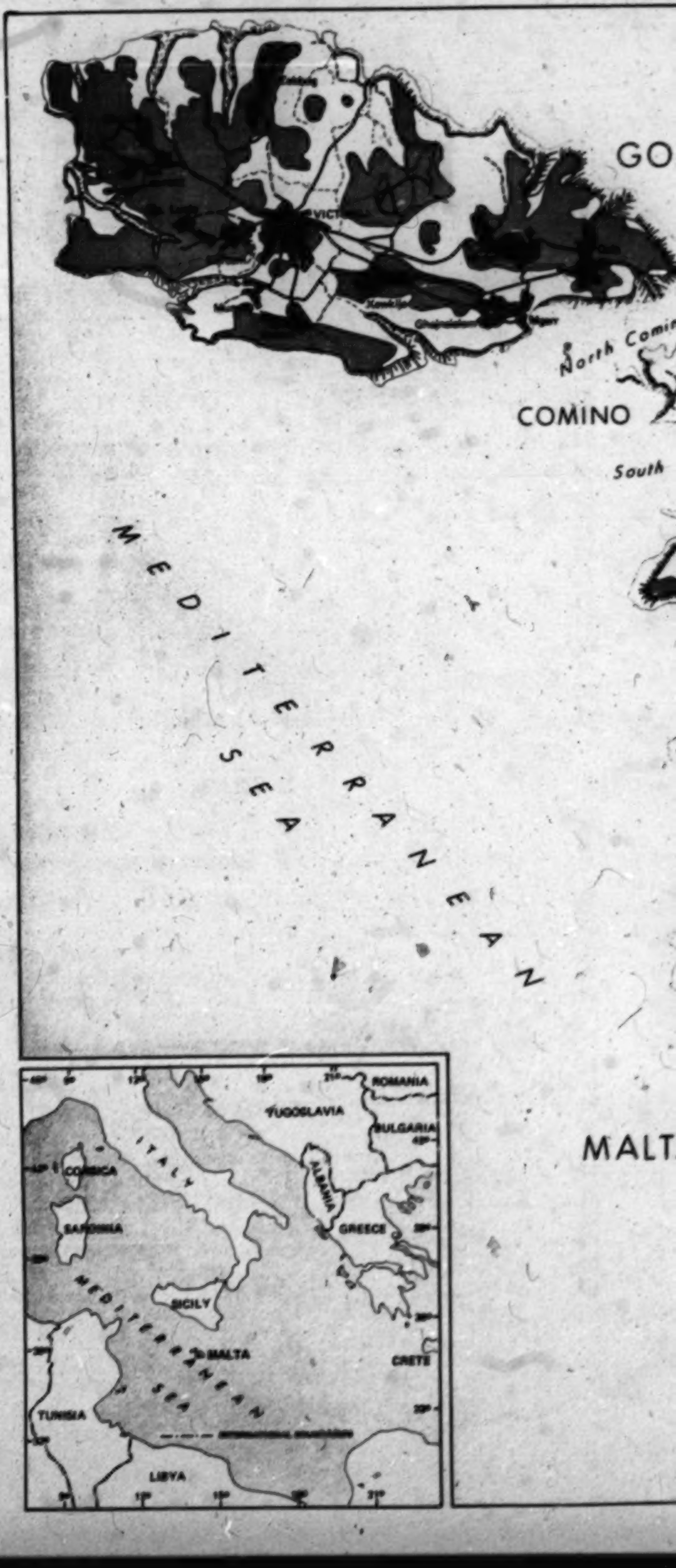
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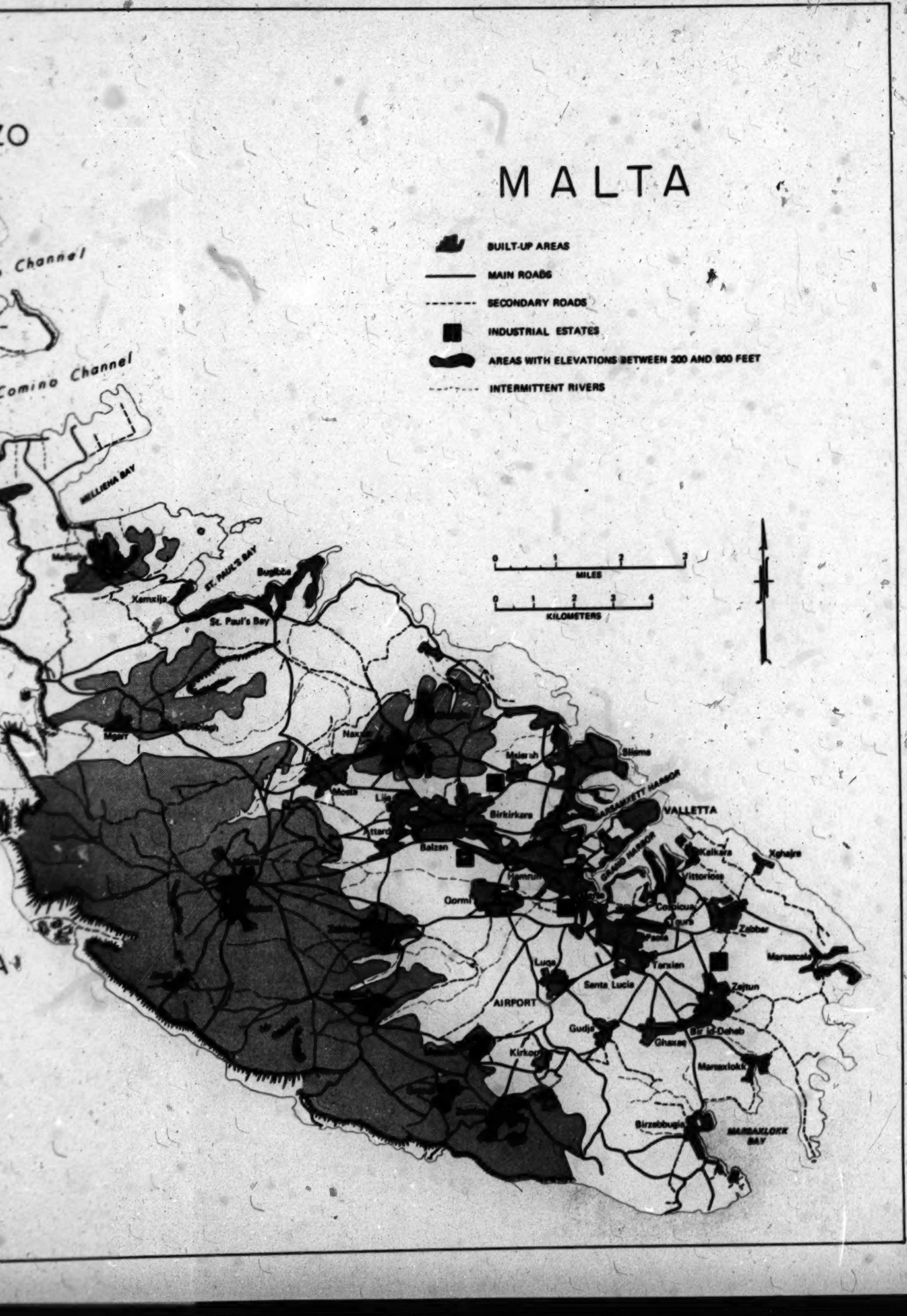
ZO
MALTA
BUILT-UP AREAS
MAIN ROADS
SECONDARY ROADS
INDUSTRIAL ESTATES
AREAS WITH ELEVATIONS BETWEEN 300 AND 900 FEET
INTERMITTENT RIVERS
Channel
Comino Channel
MELLIEHA BAY
ST. PAUL'S BAY
Bugibba
Xemxija
St. Paul's Bay
Mgarr
Naxxar
Mosta
Lija
Attard
Balzan
Birkirkara
Msierah
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MARSAMXETT HARBOR
VALLETTA
GRAND HARBOR
Kalkara
Xghajra
Vittoriosa
Hamrun
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Tarxien
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BASIC STATISTICAL DATA

(A) Area and Population

Area: 122 square miles

Maltese Population (end 1972): 298,818 (1)

Population density (2): 2,611 per square mile

Crude Birth rate: 16.9 per 1,000 (1972)

Crude Death rate: 9.1 per 1,000 (1972)

(B) Gross National Product

	1970	1971	1972
GNP at market prices (£Mm)	102.1	105.3	110.5
GNP per capita (£M)	323	333	353
Total consumption (£Mm)	92.2	94.6	100.2
Consumption per capita (£M)	291	299	320
Gross fixed capital formation (£Mm)	27.8	25.5	22.5

(C) Income and Savings (£Mm)

	1970	1971	1972
Total Personal Income	92.1	97.3	100.5
Wages and salaries	47.1	50.5	50.7
Rent, dividends and interest	11.7	12.8	14.7
Personal savings	13.9	16.3	10.8

(D) Manpower

	1970	1971	1972
Total labour force	106,122	109,005	106,642 (3)
Gainfully occupied:	101,160	103,080	100,408
Males:	79,370	80,250	76,160
Females:	21,790	22,830	24,248
Private sector	73,161	74,744	71,414
"of whom" Agriculture and Fisheries	5,910	6,160	6,408
Malta Government (4)	21,649	22,296	23,531
British Base	6,350	6,040	5,463
Registered unemployed	4,962	5,925	6,234

(E) Output

	1970	1971	1972
Gross Domestic Product at factor cost (£Mm)	82.2	85.2	89.6
Added value per worker (£M) (5)			
Agriculture & Fisheries	...	...	1,038
Industry	...	...	814
Services (6)	...	...	835

(F) Balance of Payments (£Mm)

	1970	1971	1972
Exports of goods and services	47.1	50.0	53.5
Imports of goods and services	75.5	75.2	76.9
Resources Gap	—28.4	—25.2	—23.4
Net investment income from abroad	7.3	7.5	8.3
Grants and Remittances (net)	18.8	20.1	24.8
Direct and Financial Investment (7)	5.8	8.9	5.3
Allocation of SDR	0.7	0.7	0.7
Increase in foreign reserves	7.6	7.8	28.2

(G) Foreign Trade (£Mm)

	1970	1971	1972
Domestic exports (f.o.b.)	12.2	15.1	21.6
Re-exports	3.9	3.7	4.1
Imports (c.i.f.)	67.1	65.4	67.2
Balance of Trade	—51.0	—46.6	—41.5

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(1) Excludes British Services Personnel, Civilians and dependants, foreign residents and tourists.
(2) Based on "de facto" population end 1972.
(3) November 1972 Employment Census.
(4) Includes Public Corporations except Drydocks. 1972 figure includes E.L.C.
(5) Comparative data for 1970/71 are not given as employment figures for these years were compiled by a different method from that adopted in 1972 when a comprehensive census was undertaken.
(6) Includes Transport and Communications; Wholesale and Retail; Banking; Insurance and Finance and Recreation and other Personal Services.
(7) Excludes Government Liabilities.

(H) **Tourism**	1970	1971	1972
Total tourist arrivals	170,853	178,704	149,913
Total number of guest nights in hotels	872,129	961,308	726,576
Number of hotel beds	7,935	8,512	7,971 (1)

(I) **Government Finance** (£Mm)	1970/71	1971/72	1972/73
Total Revenue	47.3	45.9	49.9
Income Tax	4.2	4.5	7.5
Customs and Excise	12.4	11.7	12.8
Other Receipts	12.6	12.5	14.0
Rent for Defence Facilities ...	—	6.8	13.5
Soft Loan from People's Republic of China	—	—	1.7
Bilateral Arrangements:			
Italy	—	2.5	0.2
Libya	—	—	0.2
Other Receipts:—			
U.K. Grants and Loans (2) ...	11.0	2.4	—
Local Loans	7.1	—	—
Proceeds from L.D.R.S. 1971 — 5½% Stock	—	5.5	—
Total Expenditure	49.6	51.8	42.2
Recurrent	37.1	39.4	33.3
Extraordinary	—	—	0.6
Investment Programme	12.5	12.4	8.3

(J) **Money and Banking** (£Mm)	1970	1971	1972
Money Supply	58.6	67.7	76.5
Currency in circulation	46.5	56.1	62.4
Demand deposits	12.0	11.6	14.1
Saving and time deposits (3)	95.6	107.5	114.9
Commercial Loans and advances outstanding	69.5	60.3	59.8
External Reserves:			
Central Bank/Government	66.9	74.5	103.3
Commercial Banks and other financial Institutions	42.8	46.3	32.8

(K) **Education** (Scholastic Year)		1969/70	1970/71	1971/72
All pupils:		78,699	76,592	75,512
Pre-first level		2.241	2,640	2,421
First level		50,569	40,021	37,447
Second level general		13.449	22,072	25,338
Second level vocational		2,754	2,450	2,799
Third level	University	714	814	766
	Polytechnic	264	371	402
	Teacher training ...	381	400	295
Other (adult, special, etc.)		8.327	7,824	6.044

(L) **Health** (1971)	
Number of hospital beds	3.000
Population per hospital bed	98
Population per physician	975

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(1) The figure for 1972 gives the number of beds in the 80 officially classified hotels only.
(2) Includes amount not withdrawn in 1969/70 (£M5.6m).
(3) Includes Foreign Currency Credit Balances at Commercial Banks.

Part I

NOTE

The marginal references refer to other paragraphs either in Part I or in Part II of this plan outline, which contain

(a) information relevant to a proper reading of the paragraph against which the reference is placed, or

(b) material which should be read in conjunction with the paragraph so identified.

DEVELOPMENT PLAN

PART I

Political Objectives

1. After centuries of dependence the Labour Government is determined that Malta should find its true identity and its place in the community of nations. Malta can do this by discarding the centuries-old role of a fortress in the interests of a long succession of imperialist masters by disengaging from power-bloc affiliations and dedicating itself to economic and social progress through peaceful collaboration with all. This has not hitherto been possible and will not be possible as long as the economy of Malta and the livelihood of the Maltese people remain dependent on the economic assets of a fortress. The Government's first duty is to safeguard the legitimate interests of the Island, and it believes that this task is best served by working together with friendly countries through mutually advantageous policies, programmes and projects. No constitutional charter alone can guarantee independence.

Economic Objectives

2. One of the primary objectives of the Plan is to increase Page 26.
Malta's productive activity. This increase must be sufficient to
enable Malta to dispense after 1979 with the economic gains accruing
from a foreign base; thus it will no longer be necessary for Malta
after 1979 to tolerate on its soil a foreign military presence on the
grounds of hard economic necessity.

3. This will be achieved through an increase in employment Page 29 para. 9.
opportunities within the productive sectors, and an increase in earnings Page 30 para. 11.
of foreign exchange through "domestic" exports and activities. Page 36 para. 14.
There will be jobs for virtually all who seek them, and a corresponding
reduction in compulsory emigration. Vital to the whole exercise
is the need to build up a situation of economic take-off when
sufficient locally generated savings become available to sustain investment
needs, without necessary recourse to foreign aid, and provide
a resource base which can sustain further autonomous growth. Page 27 para. 2 (b).

4. The economic objective of the Plan is to secure the country's self-reliance and self-determination. This does not mean the attainment of a self-sufficient economy: a country the size of Malta could only achieve economic self-sufficiency at the very heavy cost of a catastrophic fall in the standard of life of its people. But political self-reliance and economic independence should and can be secured through a diverse and multiple relationship of the Island with other countries, far and near, so that no single country's decision or economic trouble could seriously affect Malta's welfare.

Social Objectives

Page 13 para. 5.
Pages 21, 22 paras. 64 to 70.

5. The Plan contemplates a steady improvement in the living standards of the people. This will be made possible by economic expansion and social reform. The Plan expressly recognises that the ultimate objective of development must be to bring about a sustained improvement in the well-being of all, and especially those who, through illness or other misfortune, cannot without help from the State, secure a fair share of the fruits of economic progress. If undue privilege and social injustice persist, development will only lay stress on inequalities and social unrest will eventually jeopardise all economic gains.

The efforts of our Predecessors

6. The two preceding plans — the Second Plan (1964/69) and the abortive Third (1969/74) — were ostensibly directed to the achievement of a state of economic independence and viability. The economic indicators — up to June 1971 — show what little progress had been made in that direction. Malta's economy was geared to a Financial and Defence Agreement with Britain which did not permit meaningful manpower resource planning; the policies by which the growth sectors of the economy were guided were ill advised; and above all there was lack of appreciation of the vital necessity of having a sufficient financial resource base to permit the development plan to proceed, without mortgaging the country's financial future in the process through excessive public borrowing.

7. Industrial development was premised in both these plans as a vital objective. The instruments for attainment were:

(a) the package of financial and fiscal incentives; and

(b) the integration of Malta within the broader European market through the Association Agreement with the EEC.

The aids policy was a failure. It did not work largely because lavish and indiscriminate aid attracted the wrong sort of entrepreneurs. The Common Market policy was also inadequately conceived: it put the cart before the horse. It did not take account of the fact that the benefits deriving from the removal of trade barriers to a Malta not yet industrialised, could only be purely academic. The agreement with the Common Market of 1970 made no provision whatsoever for those measures which the rich developed countries of Europe should take to help Malta change its fortress economy into a hive of industry and tourism. European cooperation with Malta can only make sense if Malta is given the means to carry out a speedy industrialization and to secure a firm foothold for its products in the larger market.

Page 13 para. 25.

8. There were times, especially in mid and late 60s when Malta seemed to have been riding on the crest of a wave of economic well-being, and quite a few people mistook the shadow for the substance of real progress. This short-lived prosperity was largely based on activities within two inter-related sectors: tourism and building construction. There was a very quick rise in the number

of tourists visiting this Island. The tourists were however originating from one country, Britain, and the economic policies followed by the British Government at that time restricted their citizens in their choice of foreign holiday resorts. When the economic policies in Britain suddenly changed, the drop in the figures was almost as rapid. The Maltese Government had failed to diversify its tourism and the people of Malta were subsequently made to pay the price for this big mistake.

9. The same spirit of laissez faire had characterized the appearance and disappearance of the building boom. Again, economic policies in Britain and real political independence in former African British Colonies gave rise to a set of circumstances which favoured the settlement in Malta of a good number of a comparatively well-to-do foreigners. They were allowed to settle in Malta too easily and in too large numbers. They were even granted privileges unknown in any other part of Europe.

10. For three or four years Malta basked in an uncontrolled building boom. While it lasted, it generated easy money for a large number of people in the building trade and/or in the real estate business. It should have been obvious to any sane ruler that the consequences the end of the boom would bring would be as bitter as the easy gains had been sweet. The boom ended as soon as the economic policies in Britain were changed and as soon as the exodus of the whites from the African colonies came to an end. Easy come easy go.

11. The inadequacy of the policies of the previous plans finds proof in:

(i) the mounting unemployment at the very time when Malta should have been moving closer to economic viability;

(ii) the decrease in exports and agricultural production;

(iii) the alarming increase in the rate of public borrowing for projects which could not by any stretch of the imagination be classified as productive.

Paving the Way

12. In paving the way for the achievement of its objectives the Labour Government has already made striking gains. It has mobilised aid from a number of sources; it has increased the British and non-British contribution to the rent and services for the military base; it has initiated the re-negotiation of the agreement governing the Island's economic ties with the European Community and it has liquidated the dependence of its currency on the British pound sterling.

Page 13 para. 25

13. By diversifying the origin of the tourist visiting Malta, the Labour Government have helped tourism to reach its former volume on a more dependable base. The Labour Government have also promoted the expansion of Maltese productive activity especially in exports, so that alternative employment and alternative sources of foreign exchange may be made available as the British "presence"

which now contributes some £M28 million to the balance of payments declines. Under Labour's guidance Malta is adjusting itself to the required change, and is learning to fashion its economic way of life in a manner consistent with the strategic aims of the plan.

14. Total domestic exports during 1970 amounted to just over £M12 million. In the first half of 1971, they were still £M6.9 million or only 7.0% more than in the first half of 1970. After the change in the Administration domestic exports started to increase at a rapid pace and during the second half of 1971, they had already reached £M8.2 million or 42.7% more than in the second half of 1970. During 1972 domestic exports continued on their upward trend and the total for the year of £M21.6 million was again 42.7% higher than the total for 1971 (£M15.1 million).

The rate of increase continued between January-June 1973 when exports amounted to £M14.7 million, i.e. 35% more than those for January-June 1972 (£M10.9 million) and 112% more than in the first half of 1971.

This encouraging export performance is explained by:

(a) complete lack of unrest amongst the port workers and improved labour relations in all industrial sectors;

(b) sustained political action to open markets for Maltese products;

Page 15 para. 35.

(c) effective economic measures which kept the increases in Malta's cost of living among the lowest in Europe.

15. No proper attempt had been made to turn the commercialised drydocks into a viable venture. Under the Colonial Regime the Bailey experiment met a disastrous end; under the Nationalist Administration, the Swan Hunter Association fared no better. In June 1971, the Labour Government took over a stagnant crippled industry with a chaotic management and a demoralised labour force. The first step was to give the control to a Corporation drawn equally from representatives of the workers and those of the Government. An undertaking was also given that as soon as the ship repairing industry was on its feet, the entire control and ownership would be turned over to the workers. Since then no endeavour was spared to make the Drydocks a going concern. Notwithstanding the financial setback registered in the year 1972 (a financial loss of nearly £M2½ million) the increasing volume of work secured for the Drydocks, the self-discipline imposed upon themselves by the workers, the flexibility in manpower resulting from this auto-control have resulted in an increased productivity which should turn the Drydocks into a profit making concern in the very near future. This hope finds a realistic basis in the supplementary enterprises being secured for the Drydocks workers in the field of shipbuilding and ancillary engineering industries.

Page 11 para. 20.
Pages 17, 18 paras. 45 to 48.
Page 32.
Page 35 para. 13 (c).
Page 41 Table 11.

Page 30 para 11 (a).

16. The new agreement with Britain has a striking new feature. It binds Britain to provide employment for a fixed number of men during the seven years: thus for the first time the Government is

in a position to devise a programme with some knowledge of the basic data in the employment sector. For the first time also the Government will not stand by with its hands folded watching unemployment figures rise during the inevitable time-lag between the launching of plan policies and the implementation of production activities providing new jobs.

Page 29 para. 9.

17. This interim phase is accordingly being covered by recruitment into the Pioneer Corps, for a specific number of years, of those who might otherwise be unable immediately to find jobs in the productive sector. Previous remedies in similar situations have been either massive emigration, which is socially unacceptable, or the absorption of some of the unemployed into Government employment when this had already reached saturation point. This second alternative was as morally corrupt as it was financially unsound.

Page 33 para. 11(h)

18. The Labour Government reserve for the Pioneer Corps the role of a medium-term economic buffer deploying it on public projects in the initial phases and gradually re-deploying the men to directly productive work as suitable openings occur both in the private and public sector.

Malta's Prime Asset: Manpower

19. With no raw materials, Malta's greatest asset is her skilled and resourceful manpower: these human qualities by far outweigh the lack of natural resources. Unlike many of the developing countries, Malta does not have to face the serious problem of a rapidly growing population. Malta has a greater degree of social cohesion and national solidarity than countries more generously endowed with physical resources, but with very deep divisions internally. This cohesion is essential for flexibility and adaptation to change; it is a valuable plus factor in its own right. Malta is also unhampered by great social or physical distance separating in other more powerful states the ruled from the rulers.

Page 27 para. 4.

20. The Labour Government have exploited these advantages to the hilt and have successfully secured the participation of the Maltese people to meet the challenge presented by necessity to change. The transformation of the Island from a defence monoculture to a modern industrialised community using its climate and location to the full, entails vast changes and with them temporary inconvenience and even hardship. These problems and the sacrifices entailed to overcome them have been fearlessly explained to the people of Malta and cooperation has been won through mutual trust between Government and people. An outstanding example is the erstwhile insoluble crisis of the Drydocks; here the workers have accepted the need for restraint, retraining and redeployment thus laying a secure foundation for success.

Page 17 para. 49.
Page 10 para 15.

21. In order to obtain the widest possible national consent for these new policies, the Labour Government wish to institutionalise the cooperation which will be necessary between the Government, the Trade Unions and the Employers for the fulfilment of the objectives set out in the plan. For this purpose an Industrial Con-

sultative and Monitoring Council will be set up, on which representatives of workers, employers and Government institutions will be invited to sit. Thus workers and employers will share the responsibility for the country's prosperity and conflicts which have arisen abroad through failure of communication between entrepreneurs and breadwinners will be eliminated.

Page 13 para. 27.

22. In 1973, Malta starts with another advantage. As a result of effective Labour Government changes, order has been restored in the fiscal sphere, foreign currency reserves have been diversified and increased, and education is being fashioned to meet the needs of a modern industrial state.

Pages 14, 15 paras. 31 to 34.

The need for Flexibility

23. Planning in Malta is a different exercise from planning in a larger country. As a small group of Islands, heavily dependent on international trade, planning in Malta must be highly flexible. Flexibility means the creation and encouragement of attitudes and institutions that are capable of making good use quickly of a favourable turn of events in the world economy and adjusting speedily to unfavourable ones. To make flexibility possible the Plan must aim for a diversified economy and for reserves of various kinds at all times available for unforeseen requirements. Flexibility means devising alternative strategies for the objectives we have set ourselves and keeping continually abreast of developments at home and abroad. The overriding need to adapt to outside events, especially those outside the control of Maltese citizens and their Government, implies a preparedness to discard traditional ways when these do not meet present day needs. There must be a readiness to oppose vested interests, and a cheerful willingness to abolish harmful restrictive practices or rigidities inherited from the past. At the same time, adjustments must be made in a manner which does not benefit one group of citizens at the expense of others. Change will be acceptable only if all share in its hardship and its benefits.

The Strategy

Page 26 para. 1 (a) to (e).

24. Planning must in any event be conducted within a framework of strategic aims and these aims in turn are imposed and inspired by a vision of Maltese society in the last quarter of the twentieth century. The vision is one of a community, self-reliant and independent, willing and capable of making its own choices, receptive to new ideas and to modern science and technology; open to new friendships and willing to maintain old ones if they serve the cause of peace; it is a vision of an island population ready to embark with zest on the new ventures which freedom has brought within the grasp of the younger generation.

The strategic thrust will pursue five main aims:

Page 30 para 11 (a).
Page 34 Table 7.
Page 37 Table 8.

1. The phasing out of the British military base, with its important economic consequences for alternative jobs and alternative sources of foreign exchange earnings.

2. The modernisation, adaptation and tighter organisation of the Drydocks. It is here, in this vital sector of the Maltese economy, that some of the new technical opportunities must be seized.

Pages 17, 18 paras. 45 to 48.

3. The mobilisation of resources, domestic and foreign, public and private, for a substantial and sustained growth of exports, diversified by products and by destination. This implies above all exports of manufactures and semi-manufactures, but also the development of agricultural, horticultural and fishery exports and of tourism and shipping. The present Administration has been untiring in using its foreign political connections and assets to secure markets for Maltese exports and services. By safeguarding the value of its currency reserves, the Labour Government have partly counteracted imported inflationary pressures. By maintaining a climate of industrial peace it has increased Malta's international competitiveness.

Pages 13, 14 paras. 25 to 30.
Pages 18 to 21 paras. 49 to 63.
Pages 42, 43 paras. 36, 37.
Page 10 para. 14.
Page 17 para. 43.

4. The development of the physical infrastructure of transport, communications and utilities which are necessary to keep up with the progressive industrialisation and the greater welfare enjoyed by the island.

Page 40 para. 42.
Page 41 Table 11.
Page 42 Table 12.

5. A system of social services, especially education and health, that expresses the sense of community and dignity of a self-reliant, independent, modern nation.

Page 8 para. 5.
Pages 21, 22 paras. 64 to 70.

Resources

25. Since the Labour Government took office all major endeavours have been focussed on the need to pave the way for a proper launching of the Plan. Malta cannot afford to fail. Foreign policy has been widely used as an instrument of economic development. In its European relations, the Labour Government has refused to allow sentiment to obscure economic realities and every effort has been made to involve the European Economic Community directly in Malta's development.

Page 8 para. 7.
Page 9 para. 12.

26. The Government have also endeavoured to harness for Malta's development the resources of the World Bank and its affiliates. The pursuit of financial means on appropriate terms from these international institutions will be additional to the finance already secured from the revised military agreement with Britain, funds obtained without strings from Libya and the loans on soft terms provided by China, Italy, the United States and other countries.

27. On the domestic front the restoration of order in public finance and Government administrative affairs was a necessary Plan pre-requisite. In its fiscal policies the Government will be guided by the principle that financial burdens must be borne by those most able to carry them. Additional fiscal reforms should enable the Maltese people to invest their savings in their own country and to repatriate the capital which through lack of opportunity has migrated abroad. Direct Government participation in new industrial enterprises will give the necessary lead for capital to take the limited risks at home instead of facing the unknown abroad.

Page 12 para. 22.
Page 43 para. 37.

28. With the increase in economic activity there has been a substantial growth of domestic savings. The Government in cooperation with international agencies will promote reforms in the financial structure of the Island to harness these resources for productive enterprise. In the monetary field, Malta will continue its efforts to secure a stable currency in a world of wildly fluctuating prices and exchange rates. By basing the Maltese Pound not on one but on the majority of the currencies of Maltese trading partners, Malta is reaping the reward of relative stability in an unstable world economy.

29. The importance of maintaining a strong foreign exchange position cannot be over-stressed. As an export oriented economy, with the emphasis largely on sale of manufactured goods abroad, Malta's competitive position will in the long run depend on its ability to keep technologically abreast of change. This will imply replacement of outdated equipment, as circumstances warrant, and will mean continuing heavy investment commitments and access to the resources required to sustain such commitments. Viability is not an irreversible state and a "viable" balance of payments situation could rapidly become unstable if Malta's export economy is not kept competitive.

Page 38 para. 23.

30. Given the rent now being paid for the foreign military base and the new foreign loans negotiated by the Labour Government, the resources available to Malta for investment in the initial Plan years should leave a margin of surplus. But as the Plan unfolds the rate and size of investment will have to be increased in order to sustain the growth. In the latter phase of the Plan, therefore, Malta's needs will not only absorb the surplus registered during the first phase but also all the finance which international institutions such as the European Investment Bank and the World Bank are making or are promising to make available.

Pages 40 to 42 paras. 30 to 35.

Manpower and Education

Page 22 para. 68.

31. The primary objective of education is to develop to the full the human personality. This will enable people to develop their abilities to the fullest extent, to make a constructive contribution to society and to lead a richer and fuller life. Education must also respond to the manpower requirements of society. But no less important is the need for the system to generate in its pupils an inquiring mind, and a searching intellect. In conformity with these objectives the Government have appointed an Education Committee to make recommendations for the coordination and reform of Primary, Secondary and Technical Education. The Government have also appointed a Commission to make a similar inquiry into the educational and social functions of the Royal University of Malta.

Page 32 Table 6.

32. The principal needs are to strengthen the quality of teaching in the secondary schools, to provide technical training for the middle-level and high-level skills which will be in increasing demand, and to integrate and coordinate the post-secondary sector of education. Malta must not allow the perpetuation of distinctions of sex, class, degree and status through the educational system. Education

instills attitudes as much as it hands on knowledge. The attitudes which Malta's educational system must foster, in addition to inquiry for its own sake, are those of flexibility, adaptation, innovation, teamwork, and service to the community.

33. It is the Government's intention to complement the present range of educational facilities as soon as circumstances permit by the introduction of state-run kindergarten schools so as to enable young mothers to take up employment should they so desire. Likewise, the system of trade schools begun in earnest in 1971, will be further developed, and facilities will be provided for the extension of adult education. Education is a life-long process and Malta cannot afford skills to become obsolete or the desire for knowledge to remain unsatisfied.

34. The proposed reforms in the educational system lay emphasis on technical training at all levels. In this way, the young men and women who have finished their education and the adults who return to education will be acquiring the attitudes, skills and knowledge needed to respond to the challenge of an expanding economy and a self-reliant and educated society.

Page 32 Table 6.

Wages and Prices

Page 38 para. 23.
Page 10 para. 14(c).

35. The stable calm in the manpower field and relative stability of wage-costs, which contrasts so sharply with the experience of most advanced industrialised countries, has been made possible by the successful struggle of the Government against rising prices. Success has been made possible by the following measures:

(a) In October 1971 the Government through the Malta Development Corporation took the initiative in introducing national bulk buying of essential commodities such as butter, canned milk, etc.; thus holding down their prices.

(b) During the same period the Labour Government detached the Maltese pound from the British sterling and refused to allow the Maltese pound to follow the British sterling in its downward drift. This was an important factor in preventing a further rise in the price of essential commodities and in securing the real value of tourist receipts. By keeping down the cost of living, Malta should enhance its attractiveness for industrial expansion.

(c) As part of their policy of price containment the Government have continued to subsidise rationed commodities, even though, over the last couple of years, the cost of subsidies to the Exchequer has risen sharply as a result of price increases in world markets. This policy will be maintained even when Malta enters a more prosperous phase, at least for those sectors of the population whose income lags behind that of other sectors.

Public Sector

36. Hitherto the public sector's involvement in development in Malta has been (a) through the provision of infrastructural facilities and investment incentives, and (b) through the laying down of policy

guidelines designed to channel the productive activity of private enterprise along desired lines. The Government, in other words, have very largely left it to private enterprise to initiate on a virtually haphazard and loosely regulated basis those activities which create the substance of growth. This Plan will remain geared to growth in four main areas: Industry, Drydocks, Tourism and Agriculture. But while the broad objectives remain the same, the means of attaining those objectives will change radically. Government's role has hitherto been almost entirely passive: it will now be active, constantly watchful, more closely related to the real needs of development and above all flexible.

Pages 34 to 36 paras. 12, 13.

37. Previous planning efforts lacked the specific provisions and policies to ensure that the objectives of the various plans were secured through appropriate measures: they therefore tended to be passive projections of possibilities rather than statements of specific and binding intent of policy on the part of the Government. This Plan not only sets targets but also provides the means of reaching these targets.

Pages 18 to 20 paras. 50 to 57.
Pages 40 to 42 paras. 30 to 35

38. Malta will remain a mixed economy. Whilst expanding the Public sector into the productive field wherever necessary it will continue to rely on private investment and the deployment of privately owned resources for most productive activities. The State will not limit itself any longer to a backing role, which until now consisted mainly of financial and other incentives and failed in many cases to attract the right type of industries. Malta, to-day, has many significant economic attractions, especially low unit labour costs, which should suffice to enable soundly conceived industrial ventures to take firm root. But if the implementation of such projects seriously lags behind the time schedule of the Plan the Government will not hesitate to increase its own direct intervention.

39. The Government will directly set the pace of the economy to maintain over periods of time full employment without inflation, through infrastructural investment and direct participation in productive activities, and when the occasion demands, through judicious application of fiscal, monetary and trade policies. The Government's intervention will have as its object, the avoidance of overheating or excessive slackness of the economy. This consideration will determine the phasing of infrastructural investment. The rate of increase of the productive sector will also be another consideration.

40. Whilst the Labour Government is fully conscious of the impellent power of the profit motive, it is also not altogether ignorant of the social impulses which give the nation a social conscience in times of stress or need. It is on a combination of all these motives that the Plan has been firmly devised.

Page 42 Table 12.

41. Broadly, there are three types of infrastructural projects:

(a) those which are needed immediately, either as prerequisites to progress of the Plan or on social, health or other vital grounds; (b) those which bear direct relation to progress in the productive sectors and must therefore be phased to keep pace with this progress as the Plan unfolds; (c) those which although desirable do not enjoy absolute priority on social or economic grounds: these projects allow scope for a considerable flexibility of timing and can be phased somewhat freely so as to increase the Island's economic activity when it is falling.

Industry

42. The main stimulus to growth must come from the industrial sector, and particularly from export-oriented industry though, whenever possible and economically sound, import-substitution must take place. For example, there is ample scope for the substitution of some imports in tourist commodities.

Page 35 para. 13 (c).

43. The growth in national product foreseen by the Plan requirements can, to some extent be obtained by more efficient use of existing plant and equipment, and effective marketing techniques. Government's activities have already been instrumental in finding additional markets for existing enterprises. It will continue to remain a matter of urgent public policy for the Government to help secure markets for our expanding industries. The new policy of using the Foreign Office as an active instrument in support of industries, helping to secure markets for our expanding export enterprises, will be a means directed towards this end.

Page 13 para. 3.

44. The rapid expansion of light manufacturing industry, has provided a large number of jobs for women, so much so that in 1972 the female participation rate increased from 23 per cent to 25 per cent. Unemployment has become acute in the male sector for reasons which can easily be identified. There has been a decline in construction activity since the big boom came to a natural end in 1970. The figures today show a recovery. There has been a collapse of some state aided industries, which, overrelying on financial incentives met an early demise. There has been a similar collapse of a cluster of small industries nurtured by a local commercial bank which has had to discontinue its financial activities. The reforms in the Drydocks have also curtailed the engagement of casual labour to a minimum. The Plan is meant to cope with this problem, with the scheduled decline of employees with the British Forces and with an increase in the number of persons on the Island seeking gainful employment.

Pages 31, 32 para. 11 (e).

(a) Drydocks

45. The Labour Government have fundamentally changed the outlook in this vital industry. Industrial democracy has been established: the workers have been given a decisive voice in running this essential part of the Maltese economy. The workers, for the sake of long-term improvement, have accepted temporary sacrifices. That industrial flexibility is a necessary pre-condition for the expansion in productivity is more understood by all and sundry. It is now necessary to provide productive employment for the numbers who survived only through public subventions during the idle periods of the past.

Page 10 para. 15.
Page 11 para. 20.

By changing demoralising enforced idleness into active productivity, the Yard is already able (a) to cope with an increased load of ship repair work with hardly any additional investment in either plant or factory space; (b) to undertake more wet-berth repair work with a very limited expansion of additional facilities; (c) to execute a larger volume of ship building and engineering orders.

Page 35 para. 13 (c).
Page 36 para. 15.

46. Ship repair business cannot alone be expected to develop the Drydocks into a profit-making concern. Shipbuilding is therefore being undertaken and a section of the Yard is being adapted for this purpose. The development of the proposed new giant dock will serve a dual function: providing ship repair facilities for vessels which are too large for the existing docks; and when this new dock is not being used for the repair of large vessels part or all the space will be devoted to ship-building.

47. It is not wise to rely entirely on ship-building or ship repairing for security of employment in this vital sector. The potential of the Drydocks for industrial work must be exploited to the full. Very substantial investments are contemplated in respect of the Drydocks as a whole and these investments, coupled with internal reforms which are now being carried out should enable the Drydocks to diversify and increase its productivity, by removing idle manpower and developing subsidiary companies which will perform the new functions through the labour of workers seconded from the parent company and new recruits. Only thus can the workers who now own this industry take home a greater share of profit.

Page 32.

48. The wealth of infrastructure and skills in mechanical and allied production of the Drydocks is foreseen by the Plan to be the nucleus for an expansion of light and heavy engineering projects.

(b) Other Industry

Page 31 para. 11 (e).
Page 35 para. 13 (c).

49. Apart from the Drydocks, and such industries as may be built around it, there will be another broad grouping of industries centred around the Malta Development Corporation and a proposed new Development Finance Company. The Malta Development Corporation will act as a holding company for the Government and will be vested with the portfolios of Government-owned shares. Industrial activity, both public and private, will be mainly organised by the new Development Finance Company which is planned to be owned jointly by the Government, the World Bank Group and Maltese commercial banks. This new institution will attract direct Maltese savings and financial resources, and efficiently turn them into profitable industrial enterprises.

Foreign Investment

Page 16 para. 38.
Page 43 para. 37.

50. Malta's mixed economy sees a role not only for local private and public enterprise, but also for foreign enterprise. Direct foreign investment, of the right type, can make an important contribution to Malta's development. It is particularly welcome when it combines capital with management and modern technical know-how with access to markets.

51. Since the new industrial policy has been launched a number of foreign firms have been setting up industries on this Island. Considering the accelerating pace of these initiatives, it seems that Malta's main headache may soon well be that of selecting the most suitable of the candidate enterprises.

52. The test of the value of foreign investment to Malta is whether the projected development mobilises domestic resources on a basis of risk and profit sharing with the foreign investor. Thus, firms that enter into joint ventures with local capital (either private or public) will be preferred. Similarly, firms that generate many jobs in relation to the capital invested, firms that train Maltese workers in skills of continuing value to the Island, and firms that perform well in terms of value added or exports, will be deemed preferable to those that merely create offshore enclaves of their parent companies. During a period when the highest priority must be given to raising and diversifying foreign exchange earnings, firms that contribute to a high value added in exports to various states will appear attractive.

53. The Government will continue to provide the confidence that forward-planning by foreign business and a long-term commitment to the Maltese economy require. Private firms are often deterred from investing in developing countries by the fear that conditions agreed with the Government will be unilaterally changed, that bureaucratic red tape will cause delays or that sudden changes in policy with respect to exchange rates or repatriation of profits will upset their plans. The Labour Government guarantee the continuing ability to repatriate profits and will respond to foreign initiatives with the necessary speed.

54. Vertically integrated multinational enterprises are increasingly compelled by tariff, transport and cost of labour considerations to locate some of the processes of production such as the manufacture of components and the assembly of parts in different countries. So that Malta may employ as speedily as possible her skilled labour, no opportunity should be lost to attract this type of multinational firm. The type falls into two categories.

55. One group of firms that could be attracted to Malta are firms from countries outside the European Economic Community, such as Japan, Australia, U.S.A., Canada, Switzerland and Sweden, firms which will find labour and transport costs and other conditions sufficiently attractive to enable them to set up subsidiaries in Malta, for the production of commodities to be exported to Europe at reduced or nil tariffs.

56. Those firms which are based in countries of the Common Market form another group; these normally are not hampered by Rules of Origin. The most powerful inducement for these two groups to locate their subsidiaries in Malta is the shortage of labour throughout Europe. A skilled and flexible labour force, a stable social system, industrial peace and the absence of bureaucratic restrictions should be determining factors.

Page 8 para. 7.
Page 9 para. 12.
Page 10 para. 14.
Page 13 para. 25.

Tourism

Pages 32, 33 para. 11 (f).
Pages 35, 36 para. 13 (e).
Page 36 para. 15.
Pages 41 to 42 Tables 11 and 12.

57. There are two ways in which the Government can help enterprises in this field; the first is by facilitating all means of communication and in particular by using the newly founded National Airline as an instrument for promoting tourism; the second by judicious advertising and publicity abroad with the object of (a) diversifying the countries of origin of the tourist, (b) steadily increasing the total numbers, (c) evening out as much as possible seasonal fluctuations. The Government also plans to undertake capital expenditure on tourism related infrastructure, including a coordinated programme of "environmental" development designed to make Malta more attractive for its own people through landscaping, tree-planting, and the enhancement of beauty spots; tourists who visit these Islands will share these new blessings with the Maltese.

Agriculture

Page 31 para. 11 (b).
Page 34 para. 13 (a).

58. Under the Labour Government during the past two years, a vast programme of land reclamation and afforestation has been launched. Already vast quantities of soil have been removed from accumulated heaps near old building sites and spread over rocky areas, in particular the deep ditches fencing the fortifications built by the Grandmasters have been cleared from the rat infested rubbish and fruit trees have been planted in the newly spread soil.

59. Similarly new water tanks in areas which are prone to temporary flooding during heavy rainfalls are being constructed and the rain water which hitherto ran off to waste in the sea is now being made available for the irrigation of the newly planted trees and of the formerly dry fields.

60. With the help of the Austrian, Libyan and Italian Governments an afforestation programme will be implemented in the coming years in which decorative trees will not only embellish the arid zones, but also act as wind breakers for the more delicate fruit trees which will be planted in their thousands to meet the increasing demands of the Maltese people and visiting tourists.

61. The Department of Agriculture will provide farmers with demonstration and incentives to change from the slow traditional ways and to adopt more efficient and productive methods. The new ways will be particularly valuable in the encouragement of a preference for cash crops, cultivation under glass and horticulture. With Malta's agricultural space being so limited, it is doubly essential to grow expensive crops. In this way it will be possible to decrease the import of these expensive products and to increase exports, thus increasing farm incomes and foreign exchange earnings.

62. Already particular attention is being given to animal husbandry. With the world shortage of meat and other dairy commodities, it is necessary for Malta to develop this line of production. Disused British fortresses have already been allocated to farmers for pig-breeding and efforts are now being made to introduce sheep-rearing. Animal by-products will also be utilised as raw materials for small new industrial enterprises.

Fisheries

Page 31 para. 11 (b)
Page 34 para. 13 (a)

63. Until the Labour Government took office there was a progressive decline in the quantities of fish being caught by Maltese fishermen. In a joint venture with Libya and Japan, Malta has during the past two years undertaken an investigation of the fishing potentials in Libyan-Maltese waters. Negotiations are also proceeding so that Malta can participate in joint fishing in other Mediterranean waters. Technical assistance is also being sought so that Maltese fishermen may have access to the equipment and know-how for better and bigger fishing. Meantime new facilities are being made available to fishermen to deep freeze their catches so that prices will not fluctuate too wildly between the lean and plentiful seasons. Fishermen are also being encouraged to set up their own selling cooperatives.

The value of the Plan in human terms

Page 8 para. 5.
Page 13 para. 5.

64. Stress has been laid on the economic objectives of the Plan, the policies by which it will be stimulated and guided, and the end result which it has as its overriding objective. This is a Malta standing on its own feet, sustained by locally originating resources, and containing within itself the economic power and sinews to maintain self-sustaining growth. Growth is not however an end in itself: it is sought primarily because out of growth the means are generated which can give substance to the human objectives of the Plan.

65. The Plan takes its basic motivation from the Labour Party Electoral Manifesto. It is perhaps worth recalling the relevant section of the Manifesto where the essential guidelines of the Labour Government are succintly stated:

> "A Labour Government, in the implementation of this programme and in all measures necessary for the welfare of the people of Malta and Gozo will act on these democratic socialist beliefs:
>
> 1. it upholds equal rights for all citizens irrespective of race, colour or creed,
> 2. each citizen has the right to follow his religious beliefs without hindrance,
> 3. a civilised society should not allow any man to suffer undue hardship through a very wide gap between the standard of living of rich and poor,
> 4. in a modern society man should create those conditions to enable people to live as brothers, as one big family, and not as wild beasts in a jungle.
>
> Only in the light of these beliefs can Malta become truly Maltese and prosper in peace and progress."

66. All these basic beliefs have their economic dimension. In stressing equal rights for all citizens and implicitly, the right to develop the human personality to the full, the Manifesto was anticipating the basis on which educational reforms would take place.

Pages 14, 15 paras. 31 to 34.

67. The Electoral Manifesto pledged the Labour Government to work for a society in which no one would be allowed to suffer intolerable hardship. The Plan seeks to provide the economic means for the alleviation of hardship by improving all the social infrastructure. Above all it strives to bring within the reach of those able and willing to work the opportunities of employment, the lack of which had until now compelled a fair number of Maltese citizens either to emigrate or fill sham vacancies.

Pages 27 to 33 paras. 3 to 11.

Pages 7, 8 paras. 2 to 5.

68. The State recognises that it has a grave responsibility to ensure that the environment is created in which these social, as well as economic, objectives can be attained. A greater expansion is envisaged for the health services and patients in hospitals and at home will benefit from new facilities. Similarly the development in the educational field will first be limited to a careful identification of what Malta can do on her own and what can be better provided for Malta through other institutions overseas; when this task is completed, diversification in the provision of new facilities will be implemented as speedily as the introduction of the new trade schools in the past two years. The basic Labour approach to education is to enable the human personality to find full expression and development through the educational state facilities available to all and sundry.

Pages 14, 15 paras. 31 to 34.

Page 42 Table 12.

69. In Housing, already a big start has been made to wipe out the ignominy and backlog of the past. Gone are the days when most of Malta's skilled workers in the building trade were caught in the speculative enterprises catering for luxury villas for foreigners. Already several slums have been demolished and many Maltese families are being given the opportunity to move from hovels to dwellings. The less unfortunate sectors of the Maltese community — by savings and some Government aid — are also finding it easier to acquire a house of their own. The coming years should enable Malta to cope with all her housing needs.

70. Above all, the Plan strives to achieve for each individual a greater material well being in a society which, through the elimination of glaring social inequalities, is able to live happily and prosperously in social harmony and peace.

Part II

NOTES

In this outline the following conventions are used:

(a) *Periods covered* — the plan refers to calendar years 1973 to 1979, and (where appropriate) to financial years April 1973 to the end of March 1980.

(b) *Gross Domestic Product* — GDP at factor cost is taken as the output of goods and services at market prices less taxes on expenditure plus subsidies.

(c) *Gross National Product* — GNP is made up of GDP plus net investment income from abroad.

(d) *Constant prices* — all values are at 1972 prices unless otherwise stated.

(e) *Rounding of figures* — in the population and manpower estimates figures are rounded to the nearest hundred. In the National Accounts estimated figures are rounded to the nearest hundred thousand. Percentages are based on rounded figures.

(f) *Rates of change* — average annual percentage rates of change are, unless otherwise stated, cumulative, that is, the change on the principal is at a compound rate.

PART II

PLAN TARGETS

Pages 7, 8 paras. 1 to 5.
Pages 12, 13 para. 24.

Part II gives the economic projections which should serve as guidelines for the attainment of the plan's objectives. The significant targets are:

Pages 27 to 33 paras. 3 to 11.

(a) the Plan aims at providing about 20,400 new jobs. During the same period there will be a loss of some 6,400 jobs (mainly as a result of the progressive withdrawal of the British forces), and another 1,500 jobs (¹) will be required to absorb in industry the equivalent of those who at the end of 1972 were in the Emergency Labour Corps. Thus the net increase in the total number of gainfully occupied persons will be about 12,500. The Plan also envisages an increase in the female participation rate from the present 25.6% to about 33%;

Pages 36, 37 paras. 14 to 18.

(b) these jobs will be largely provided in manufacturing industry, which will grow through a corresponding increase in exports. It is estimated that the income from goods and services sold abroad will increase from £M53.5 million in 1972 to about £M99.1 million in 1979, representing an increase of some 9.1% per annum. Imports of goods and services are also expected to grow, by about 6.5% per annum, from £M77 million in 1972 to £M119.8 million in 1979;

Pages 37, 38 paras. 19 to 23.

(c) the foreign payments account is planned to balance in 1979 although the British payments for the base will come to an end. This will be possible, notwithstanding the adverse balance on goods and services expected during that year, as this negative balance will be wiped out by the expected inflow of transfer income, by flows of investment capital and other long-term capital transfers.

Pages 40 to 42 paras. 30 to 35.

(d) the total investment estimated to be required for full employment and economic viability is of the order of £M205 million at 1972 prices. The major part of this capital will be made available by domestic savings. Public spending in the capital sector will be so regulated as to ensure that, along with private investment, the pace of economic development will be maintained to keep the plan on course at any particular time. In the earlier years of the Plan there will be a higher output obtainable from new investment, but the scope for increased production will be largely in more efficient utilization of the equipment and other facilities already in being as excess capacity in the tourist and industrial sectors.

Pages 34 to 36 paras. 12, 13.

(e) Gross Domestic Product, although varying from year to year, is expected to grow in real terms by an average percentage of 5 to 6 per annum. A high rate of increase in Gross Domestic Product by itself should not however be the overriding aim of the development effort, since growth of GDP is not an adequate measure of real development. It does not reflect changes in the quality of life as opposed to material progress, or reflect increased social equality or greater national independence.

(¹) This reflects the position as at the end of 1972. The creation of the Pioneer Corps will lead to the disbandment of the Emergency Labour Corps. The total number of new jobs envisaged allows for absorption of Corps members in industry by 1979.

Essential Development Requisites

2. (a) *Export Expansion*

If the condition of a balanced international payments account is to be satisfied, the rate of economic growth in Malta is largely related to the ability to increase the production of goods and services for export. The potential of domestic demand is limited owing to the size of the market which cannot be expected to sustain the level of employment desired. Also, the lack of local raw materials imposes the need for a high level of imports, which can only be financed by export earnings. A substantial rate of growth of exports of goods and services (9.1% per annum) will therefore be required.

Page 36 para. 14.
Page 39 Table 9.

(b) *Rate of Investment*

The rate of growth, and the capital required to generate it will entail the use for investment purposes of around 25% of GDP over the Plan period. This is in excess of the current rate of savings but will be possible because of the finance available from British rental payments and the other finance being obtained for investment by the Government. One of the objectives of the Plan therefore is to increase the rate of domestic savings to the level of around one-fourth of GDP, required after 1979 for self-sustained growth of the economy. Maltese private and public funds will be given an opportunity to play an increasing role in local economic development.

Pages 40 to 43 paras. 30 to 37.

Page 39 Table 9.

MANPOWER

3. The framework of the plan is one of full employment: self-sustained economic growth can also be reached at a level of economic activity lower than that contemplated in the plan if the projections provided fewer employment opportunities and a high rate of emigration. But this Seven-Year Plan is firmly based on growth of export performance exploiting to the fullest possible degree the manpower potential of the Island.

Page 11 paras. 19, 20.
Page 22 para. 67.

Population

4. The projected Maltese population is shown in the following table. The picture is one of a static population.

Table 1

MALTESE POPULATION PROJECTIONS

	1972	1979	CHANGE
Males	143,300	140,600	− 1.9%
Females	155,500	155,500	—
Total	298,800	296,100	−0.9%

The projections of Maltese population, excluding aliens, are framed on the following assumptions:

(a) Death rates and birth rates have been based on averages recorded during the years 1970 to 1972.

(b) Emigration has been assumed at 3,500 persons per annum for 1973 and 1974, 3,000 persons per annum for 1975 and 1976 and 2,500 for each of the years 1977 to 1979.

Available Manpower

5. The economically active population is defined to include all males falling within the 14 - 64 age group and females within the 14 - 59 age range. Projections for these groups are given in Table 2.

Table 2

ECONOMICALLY ACTIVE POPULATION

	1972	1979	CHANGE
Males aged 14 - 64 years	93,800	94,800	+ 1.1%
Females aged 14 - 59 years	99,000	102,300	+ 3.3%
Total	192,800	197,100	+ 2.2%

6. Not all those persons coming within the economically active population will in fact be available for work for various reasons. The number actually seeking employment will be less. It is this number — the number of persons employed or in search of employment — which is defined to be the labour supply. The projected labour supply is shown in Table 3.

Table 3

PROJECTED LABOUR SUPPLY *

	1972		1979		Change
	Numbers	Participation Rate †	Numbers	Participation Rate †	
Males	81,400	86.8%	81,400	85.8%	—
Females	25,300	25.6%	33,800	33.0%	+ 8,500
Total	106,700	55.3%	115,200	58.4%	+ 8,500

* These projections assume that the compulsory school leaving age will be raised to 16 by 1976.

† Conventionally participation rates are based on the number of working and unemployed males as a percentage of males aged 14 to 64 years, and women working and registering for employment as a percentage of women aged 14 to 59 years.

7. The male labour force has been projected to remain constant, in spite of the expected increase within the economically active age group. With full employment there will be a tendency for more men to continue at work after normal retiring age. On the other hand account must be taken of the greater number of boys over 14 years who will be still attending school, in view of the raising of the school leaving age and increased educational opportunities.

8. Female participation in 1972 was about 25.6% of the total active age group. Future female participation depends on several factors: the type of industry which will be established, the rapidity with which some of the social prejudices continue to disappear and the priority or otherwise which might have to be given to the employment of men. In the Plan projection it has been assumed that the female participation rate will rise from 25.6% in 1972 to 33% in 1979.

Employment Objectives

9. Towards the end of 1972 the number of gainfully occupied persons was 100,408. In addition a further 6,234 persons were registered as seeking employment, bringing the total available labour force to 106,642 persons. As estimated in the previous paragraph, the total available labour supply in 1979 will be around 115,200. The net addition to the labour force by 1979 will therefore be around 8,500. However, the number of new jobs to be created is substantially higher. During the Plan period around 8,000 jobs are expected to be lost in sectors in decline or requiring less manpower and the level of unemployment is assumed to go down again from the 1972 level of around 6,200 to an acceptable level of 2,300 or just around 2% of the total labour force.

Pages 10, 11 paras. 16 to 18.

Table 4

NEW JOBS TO BE PROVIDED BY 1979

	Total	Males	Females
Total labour force in 1972	106,700	81,400	25,300
Projected labour force by 1979 ...	115,200	81,400	33,800
Net changes in labour force (1) ...	8,500	—	8,500
Redeployment of labour (2) ...	8,000	7,600	400
Jobs required to reduce unemployment to 2% (3)	3,900	3,600	300
Jobs required	20,400	11,200	9,200

(1) See Table 3

(2) See Table 5 items 1, 2, 3 and 4

(3) See Table 5 item 9

Sectoral Employment

10. Certain sectors provide more scope for employment expansion, than others, owing to a variety of factors. Therefore, in order to make meaningful projections concerning employment creation, a careful sector by sector analysis is necessary.

11. It would seem that the Agriculture and Fisheries, Building construction, Government, Wholesale and Retail Trades and Banking and Insurance sectors, offer little scope for increased employment during the plan period. The sectors which should provide employment opportunities are manufacturing industries, tourism, and service industries such as transport and communications and personal services. The projected sectoral allocation of new jobs is set out in Table 5 and the assumptions and expectations relating to each sector are contained in the following paragraphs.

Table 5

EMPLOYMENT PROJECTIONS

Sector	1972(*)		1979	
	Men	Women	Men	Women
1. Military Base	5,166	297	—	—
2. Agriculture & Fisheries ...	5,627	781	4,900	700
3. Construction & Quarrying ...	7,199	—	7,000	—
4. Malta Government	18,302	4,104	16,800	4,100
5. Industrial Enterprises ...	19,700	8,336	28,940	15,970
6. Tourism & personal services	6,594	6,158	7,760	7,740
7. Other Services Sectors ...	13,572	4,572	14,370	4,620
8. Gainfully Occupied	76,160	24,248	79,770	33,130
9. Registered Unemployed ...	5,231	1,003	1,630	670
LABOUR FORCE	81,391	25,251	81,400	33,800

(*) Actual November 1972 Census figures

4. Includes: Armed Forces, Malta, and Emergency Labour Corps
5. Includes: Drydocks, Gas, Electricity and Manufacturing
6. Includes: Hotels, catering, entertainment and personal services
7. Includes: Banking, insurance, real estate, wholesale and retail trades, transport and communications.

(a) *Maltese employed in the British Base*

Page 10 para. 16.

The number of job losses due to the running down of the British Services sector will be of the order of 5,500. Some essential services, such as, fire fighting, sea rescue and aviation services now performed by British Base employees will continue to be needed and will be undertaken by persons in civilian employment within the transport and communications sector. As regards the indirect employment currently generated by Services' expenditure, it is expected that sufficient new economic activity over the plan period will be generated so that no significant loss of jobs in this respect will result from the rundown of the British military base.

(b) *Agriculture and Fisheries*

In the past farmers and fishermen have been attracted to industry when such jobs were available. Although the Government is planning to increase productivity in Agriculture and Fisheries, this increase is planned to take place by utilizing a smaller labour force, thereby increasing profitability. The plan, therefore, assumes a decline in the number of full time farmers of about 12% by 1979, but the number of amateurs or part-timers will probably increase during this period. The number of fishermen is assumed to remain static.

Pages 20, 21 paras. 58 to 63.
Page 34 para. 13 (a).

(c) *Building Construction*

The construction work envisaged in the plan to meet development requirements should contribute to reactivating demand for building and ancillary trades. The aim should be to maintain a more stable level of activity in this sector so as to prevent the recurrence of disturbing fluctuations. On this basis the industry is expected to stabilise at an employment level of around 7,000 by 1979.

Page 35 para. 13 (b).

(d) *Government Employment*

A general review of employment policy in the civil service has been carried out and reforms are now under way with a view to improving the quality of the service while simultaneously reducing the numbers. Government employment is not projected to exceed 21,000. This number of civil servants for a population of less than 300,000 should be adequate to cope with the present tasks and with the additional tasks devolving upon all and sundry as the plan turns into a reality — especially if those who choose as their vocation to serve the people, do so with greater dedication.

Page 35 para. 13 (b).
Page 36 para. 13 (g).

(e) *Industrial Enterprises*

Increased employment in this sector will derive from two sources — fuller use of existing capacity (in some cases by the introduction of multiple shift working) and from new investment.

Pages 17, 18 paras. 42 to 49.

Page 35 para. 13 (c).

Existing enterprises which are not yet operating at full capacity are expected to provide about 2,500 additional jobs. Most of the workers to be engaged by expanding firms will belong to the "skilled and semi-skilled" category. If the existing sex employment ratio is maintained, about 1,000 of these new jobs will be taken up by men.

As regards new employment, after taking into account the overall employment and balance of payments objectives, and assuming that the related investment and export targets will be reached, it is estimated that 14,000 new jobs will have to be created in new industrial activities. Given the likely pattern of job mix in other sectors it will be necessary to ensure that around 8,000 jobs will be created for males in new industries. On past experience the sector most likely to provide male intensive job opportunities is that of metal manufacturing.

The following industrial activities are deemed to offer the greatest potential, namely, metal manufactures, electrical engineering and electronics, chemicals, pharmaceuticals and plastics, rubber products, leather and shoes and made-up textiles. These activities appear the most promising because they involve a high percentage of locally-added value, are relatively labour intensive, utilize locally available skills, and markets are accessible. On these considerations a tentative distribution of new jobs by industrial sector and with relevant skill requirements is given in Table 6.

Table 6

CLASSIFICATION OF MANPOWER REQUIRED*

	Managerial/ Professional	Supervisory & Technical	Clerical	Skilled & Semi-Skilled	Unskilled	Total
Metal	180	660	480	3,800	880	6,000
Elect. Engineering/Electronics	20	80	80	660	160	1,000
Chem/Pharm/Plastics ...	200	300	300	1,630	570	3,000
Rubber Products	30	80	80	620	190	1,000
Leather & Shoes	30	40	70	760	100	1,000
Textiles made-up	20	40	60	770	110	1,000
Miscellaneous	20	30	60	790	100	1,000
Total	500	1,230	1,130	9,030	2,110	14,000
Percentage	4%	9%	8%	64%	15%	100%

*Estimates of the relative proportion of manpower requirements were calculated on the basis of an examination of a number of profiles of industrial units overseas with adjustments to take into account local conditions.

Page 10 para. 15.
Page 11 para. 20.
Pages 17, 18 paras 45 to 48.
Page 35 para. 13 (c).

The number of workers on the Drydocks payroll towards the end of 1972 was around 5,200. With the full cooperation and understanding of the workers reforms proposed by Government designed to cut down wasteful practices were introduced. Initial reforms were launched by a German expert. Thereafter a major study was undertaken by French consultants for the improvement of management and work techniques. A major rationalisation and redeployment scheme is now in progress to secure better labour and plant utilisation. Steps are being taken to broaden the scope of work within the Drydocks by way of increased shipbuilding and the carrying out of other industrial heavy engineering work. In the course of time, and taking account of Drydocks expansion schemes on the one hand, and diversification projects on the other, it is expected that there will be scope and need for additional labour. The projected requirement for 1979 is around 5,600 persons.

(f) *Tourism and personal services*

Page 20 para. 57.
Page 35 para. 13 (e)

So far hotels have been running at low occupancy levels. Business is expected to continue to improve and employment possibilities will increase. In fact, if the Plan targets of arrivals (350,000 by 1979) are attained it will even be necessary to build new hotels, towards the latter part of the plan period.

On the assumption that 60% of tourists will use hotel accommodation, it is estimated that by 1979 the number of beds in hotels will have increased to some 11,200. Taking an average ratio of 0.4 workers per bed, employment in hotels is expected to rise to around 4,500, that is an addition of 1,800 over the November 1972 position. The present employment distribution between men and women is about two males for every female. The expectation is that the envisaged employment expansion in this sector will provide for relatively more job opportunities for women such that for every two new jobs filled by men, three jobs will be taken by women.

The targeted increase in tourism as well as the expected rise in general economic activity will create additional employment opportunities in the catering, entertainment and personal services sector. After allowing for some existing excess capacity it is expected that around 900 additional jobs will become available by 1979 in this area of ancillary services.

(g) *Other Services Sectors*

The other services sector comprises wholesale and retail trades, banking, insurance and real estate, and transport and communications. Page 36 para. 13 (f)

The banking and insurance sector has increased the number of employees substantially during recent years and it is therefore expected that it should be able to handle any extra volume of work without a significant increase in employment. The same applies to the wholesale and retail trades. With the increase in economic activity, the transport and communications sector, however, is likely to take on over 800 additional workers, mostly males. The comments entered at paragraph [illegible]) above in respect of continuing employment of employees at present engaged on essential services with the British Military Base are here relevant.

(h) *Pioneer Corps*

It will take all Malta's physical and moral resources to provide full productive employment as the removal of the foreign base, which will be completed by the end of the period contemplated in the plan, takes place. Until that time the number of productive jobs may fall short of the number of workers seeking productive employment. To avoid emigration or sham employment the Labour Government has set up a Pioneer Corps — and manpower surplus to immediate requirements will be able to join this Corps. Corps workers will be engaged on essential infrastructural and other development projects. In this manner manpower resources temporarily incapable of being absorbed in industrial activities will be occupied on useful work thus making a positive contribution to the overall development effort. Page 11 paras 17, 18.

OUTPUT

12. Gross Domestic Product is expected to grow at the rate of about 5 to 6% per year. This growth will take place despite the phasing out of employment with the British Military Base which will have direct and indirect adverse effects on incomes. Offsetting this negative factor there will be the growth of the productive sectors of the economy. The latter sectors will be increasing their output at an average annual rate of between 7 to 8 per cent. This growth will be the result of a net addition of 12,500 workers to the gainfully occupied population, and a productivity rise per worker of around 4 per cent per year.

Sectoral Output

13. Table 7 shows the projected sectoral contribution to gross domestic output for 1979 as against actual experience in 1972. There will be significant changes occuring in each sector:

Pages 20, 21 paras. 58 to 63.

Page 31 para. 11 (b).

(a) *Agriculture and Fisheries* — This sector is expected to make a gradual but important contribution to production, and the effect will probably be to reduce the degree of dependence on imported agricultural products and foodstuffs by about 10%.

Table 7

SECTORAL CONTRIBUTION TO GROSS DOMESTIC PRODUCT
(1972 Prices)

Sector	1972	1979	Rate of Change
	£M million	£M million	%
1. Agriculture and Fisheries	6.7	8.8	4.0
2. Construction and Quarrying	4.4	4.4	—
3. Manufacturing including Drydocks	22.0	47.6	11.6
4. Government Enterprises	4.4	6.4	5.5
5. Tourism and Private Services	5.3	12.0	12.4
6. Other Services	20.3	27.0	4.2
Total Production and Trade	63.1	106.2	7.7
7. Public Administration ...	14.4	18.0	3.2
8. Military Base Departments	5.6	0.4	—31.4
9. Property income from domestic sources	6.5	6.5	—
GDP at factor cost	89.6	131.1	5.5

Item 4: Includes gas, electricity, water, milk marketing, posts and telephones etc.

Item 6: Comprises transport and communications, wholesale and retail trades, insurance, banking and real estate.

(b) *Building construction and quarrying* — The output of the building industry and ancillary trades will be related to the government's economic and social infrastructural programme, as well as to the building demand of the private sector. The aim will be to phase work schedules in both sectors in a manner calculated to maintain a stable long term level of activity in the industry.

Page 31 para. 11 (c).

(c) *Industrial enterprises* — Manufacturing firms already in operation in 1972 are expected to increase their added value by around 5.1% per year. This will be achieved by increasing employment by about 2,500 workers, and through an annual average rise in real output per worker of 3.4%. This increase in productivity is feasible especially in view of the fact that certain important enterprises have not yet reached their full production potential. About 50% of the output of all existing firms will be exported.

Pages 17, 18 paras. 42 to 49.
Page 31 para. 11 (c).
Page 36 para. 14.

By 1979 new manufacturing firms, to be set up during the plan period, are expected to make a contribution to GDP of some £M14.5 million. This estimate has been based on known rates of contribution to GDP per worker in those industrial activities where employment has already been created; adjusted to take account of expected technological improvements, and of the fact that the majority of new firms will still be in their initial years of production during the plan period, and will therefore be operating below full potential. Around 85% of production of the new enterprises will be exported.

Page 36 para. 14.

It has been estimated by the Drydocks Corporation that current efforts to make the Yard profitable, by increasing efficiency all round and through diversification into ship-building and related engineering works, will lead to the doubling of the Drydocks contribution to GDP by 1979.

Pages 17, 18 paras. 45 to 48.
Page 32 para. 13 (e).

(d) *Government enterprises* — Public utilities and other government enterprises such as milk marketing and posts and telephones, will increase their contribution to output to help maintain the rising level of economic development. There will be heavy investment in this area and this will be coupled with an increased contribution to be derived by rationalisation and improved efficiency.

Page 31 para. 13 (d).

(e) *Tourism and private services* — The target of tourist arrivals for 1979 has been set at 350,000 entailing a rate of growth of 10.2% over an estimated 1973 inflow of about 195,000. This is an ambitious target but by no means unattainable, considering the growing volume of Mediterranean tourist traffic and the measures being taken by the Government to publicise Malta, diversify origins, improve communications and generally build up this sector as a major source of foreign exchange and employment. The contribution of tourism to GDP depends on the amount spent by tourists in Malta after allowing for expenditure on imports, currently around 42% of gross tourist receipts. With

Page 20 para. 57.
Page 32 para. 11(f).
Page 36 para. 14.

the contemplated diversification of manufacturing and agricultural output, some degree of import substitution should be possible. This however has not gone into the reckoning for the purposes of Table 7.

If the target of arrivals is reached, and assuming that 60% of tourists will be staying in hotels, gross foreign earnings is estimated to reach £M20.8 million in 1979, taking an average length of stay of 11.8 days and an average daily expenditure of £M5 per tourist. Both the length of stay, and the rate of daily expenditure, are taken at a lower level than current rates. The reason for this is that an increasing proportion of total traffic growth is expected to consist of off-season and short-stay visits, and because of possible discounts allowed for charter inclusive tour operations in order to increase traffic to the desired level.

The catering, entertainment and personal services industries will be expected to increase their contribution to the value of output, in line with the progress to be made in tourism and with the general improvement in living standards.

Page 33 para. 11 (g).

(f) *Other Services* — The other services sector comprising transport and communications, wholesale and retail trades, insurance, banking and real estate are expected to make an increasing contribution to output in step with the rate of general development; although as stated earlier, except for transport and communications, employment is likely to remain fairly stable owing to under-utilisation of capacity at present.

Page 31 para. 11 (d).

(g) *Public Administration* — The contribution to be made by public administration is planned to rise by an annual average rate of 3.2%. In order to meet this target fuller utilisation of civil service personnel, and an improvement in efficiency through organisational changes, will be necessary. Steps to this end are already well in hand.

FOREIGN TRADE AND PAYMENTS

Exports of Goods and Services

14. The major existing foreign exchange sources other than British rental and military expenditure are: exports of manufactured goods, tourism and ship repairing. It is estimated that during the Plan period foreign exchange earnings from the sale of domestic output to foreigners will be required to rise by 9.1% per annum from £M53.5 million in 1972 to £M99.1 million in 1979 in real terms.

Page 35 paras. 13 (c) and (e).

Pages 17, 18 paras. 45 to 48.

Page 20 para. 57.

15. Exports and re-exports of goods will have to increase in volume at an average rate of 12.7% from the 1972 level of £M25.8 million to £M59.6 million, at constant prices. Foreign exchange receipts from Drydocks activities are planned to rise from the 1972 level of £M5 million to around £M10 million by 1979. The target for tourism is to raise gross income from £M8.5 million in 1972 to £M20.8 million in 1979. The achievement of Malta's overall development objective depends on the accomplishment of these target increases in foreign exchange earnings.

Imports of Goods and Services

16. Foreign exchange will be required to cover imports of consumer, investment and intermediate supplies, and for the payment of services received from abroad such as foreign travel. It is anticipated that payments for goods and services will rise, at constant prices, from £M77.0 million in 1972 to £M119.8 million in 1979; an average annual rate of 6.5%.

17. In the past there has been a tendency for imports of consumption goods to increase rapidly. With the expected improvement in living standards an increase in consumption is inevitable but it is intended to limit this increase, and that of imported consumption goods, to a level more compatible with the overall rise in gross national income.

Page 39 paras. 27, 28.

18. The build-up of the manufacturing sector will place heavy demands on capital goods and industrial imports and intermediate components most of which are obtained from abroad. It is to be expected therefore that the requirement of such goods will rise fairly steeply in the coming years, and is likely to account for a larger proportion of total imports than hitherto. Attempts to achieve increased vertical integration between industries should enable some savings in this type of imports.

Page 35 para. 13 (c).
Pages 40 to 42 paras. 30 to 35.

The Balance of Payments

19. The realisation of the export and import targets will lead to a balance of payments position as shown in Table 8.

Table 8

BALANCE OF PAYMENTS
(1972 prices)

	1972 £Mm	1979 £Mm	Rate of Change %
Exports:			
Goods (f.o.b.)	25.8	59.6	12.7
Services	27.7	39.5	5.2
Total	53.5	99.1	9.1
Imports:			
Goods (c.i.f.)	67.2	107.7	7.0
Services	9.8	12.1	3.0
Total	77.0	119.8	6.5
Balance of Trade	−41.4	−48.1	
Balance on Goods & Services	−23.5	−20.7	
Net investment income from abroad	8.3	10.2	3.0
Current Transfers (net) ...	7.9	10.0	3.4
U.K. Rent, grants, etc., ...	16.9	0.5	
Current A/C Balance	+9.6	—	

20. By the end of 1979 the net negative balance, on goods and services transactions, is expected to narrow marginally. During the Plan period this negative balance will be partly offset by net income from foreign investments together with current transfers which will include: pensions received from abroad and personal remittances such as transfers of money to Malta by Maltese emigrants abroad, and by foreign settlers in Malta. In addition there will be the receipt of £14 million sterling by way of rent for the use of the military base, and the receipt of money from foreign countries under bilateral arrangements. The picture on Current Account will therefore be of balance by 1979.

Page 18, 19 paras. 50 to 56.

21. Apart from the receipts accruing on Current Account there will also be capital transfers by foreign entrepreneurs for investment in Malta, together with other capital inflows. It is expected that all such inflows of capital will, given the balance on Current Account, produce a positive overall balance of payments position in 1979.

22. Table 8 shows a balanced Current Account, which is made positive by the anticipated capital flows in our favour. Taking the several years of the Plan together, and allowing for anticipated flows of finance from institutions and countries abroad, our foreign exchange position should not be a development constraint. The main significance of the anticipated 1979 projection is that, in the year when British rent payments will cease, Malta's international payments position will be healthy.

Page 10 para. 10 (c).
Page 14 para. 29.
Page 15 para. 35.

23. The above projections are drawn up on the basis of constant 1972 prices; that is price changes during the Plan period are being left out of account. Obviously there will be price movements abroad as well as in Malta and the relative terms of trade will be a factor determining the competitiveness of Maltese exports. It will be the Government's policy to improve this competitiveness and an important instrument in this connection will be the Government's foreign exchange and tariff/trade policies.

RESOURCES AND THEIR USE

Pages 34 to 36 paras. 12 to 18.

24. A Plan must necessarily make assumptions regarding the resources available to the economy, over the period, and the manner in which these resources will be used. Resources at an economy's disposal are deemed to be the Gross Domestic Product plus imports from abroad, less amounts exported.

25. In a free economy such as we have in Malta, people are very largely free to choose how to distribute their income as between consumption and saving. The Government is however directly concerned to ensure that the allocation of total resources, between consumption and investment, is conducive to future economic growth. Therefore, the Government will endeavour to influence private choices, as required, by means of monetary, fiscal and other policies.

26. The following paragraphs give an indication of what is regarded as a desirable allocation of resources which would facilitate fulfilment of the overall economic and social objectives. While it is possible to lay down the magnitudes of public expenditure, to meet

certain development needs, it is not possible to predict private decisions, with certainty, or the precise effect of the various policy measures which may be brought to bear to influence the desired allocation. This element of uncertainty in respect of private decisions therefore necessitates flexibility in the Government's expenditure programme, to counteract if need be any short-comings on the part of the private sector during the Plan period.

Table 9

SOURCE AND ALLOCATION OF RESOURCES
(1972 PRICES)

	1972 £M million	1979 £M million	Annual rate of Change %
Source:			
GDP at factor cost	89.6	131.1	5.5
Imports of goods and services ...	77.0	119.8	6.5
Total Resources	166.6	250.9	6.0
Allocation:			
Consumption:			
Private	69.9	91.6	4.0
Government	19.8	27.4	4.7
Investment:			
Fixed	20.2	28.8	5.0
Stocks	3.2	4.0	
Exports of goods and services ...	53.5	99.1	9.1
Total Resources	166.6	250.9	6.0

Private consumption

27. The greater part of increases in consumption have, of necessity, to be satisfied directly or indirectly by imports. Throughout the Plan period the rate of increase in consumption must be restrained to a level below the average rate of growth of income.

28. The social services provided by the State, and the improving level of economic activity, have produced a situation where no large section of the community lacks the basic necessities of life. Better income distribution, and increasing incomes, are therefore, not likely to increase the demand for basic necessities substantially, but there is likely to be a shift towards better food, improved housing and better quality goods generally. In respect of families in the higher income brackets, increasing income will tend to increase the demand for luxuries, with an adverse effect on the import bill. A watchful eye will have to be kept on this type of imports so as to ensure that they are contained within desirable limits.

Government Consumption

29. Government consumption comprises provision of education and health services, expenditures for the maintenance of law and order, general administration, and a host of other services normally provided by the modern state. Public consumption expenditure for the next seven years will grow mainly in social priority areas and will be broadly in line with growth in national income.

Investment

30. The Plan projections of private investment are not based on specific intentions since these cannot be ascertained. The estimates presented here are based on studies of requirements, and on the desired response to the Government's efforts and incentives to promote productive activities. Table 10 shows an estimate of investment expenditure during the years 1973 to 1979.

Page 16 para. 40, 41. 31. Tables 11 and 12 give the Government's investment programme during the Plan period on the assumption that private investment will be substantially as envisaged. The estimates of public capital expenditure represent draft programmes based on specific projects. They should not, however, be regarded as rigid commitments both because of the possibility that they may have to be adjusted in the light of private investment behaviour, and also considering that one is projecting a number of years ahead, with all the uncertainties that this implies.

Page 13 para. 4. 32. The sectoral targets postulated for employment and output imply an overall target for gross fixed capital investment of around £M205.2 million, at constant prices, for the whole Plan period. Of this, £M127 million will be invested in direct productive activities by the private sector; and £M78.2 million will be invested by the Government on infrastructure and social capital projects, as well as on direct productive activities.

33. Total average investment, per job created, will come to some £M10,000. In respect of the public sector's infrastructure investments, estimates of investment costs are based on past experience and knowledge about likely developments, and assume constant prices. Various criteria were used to estimate investment requirements in the productive sectors. In those cases where an activity similar to the ones proposed already exists in Malta past experience, together with an allowance for technological improvements, has been taken as a basis. In respect of new activities use has been made of international profiles with adjustments for local conditions.

Table 10

INVESTMENT PROJECTIONS FOR 1973 TO 1979
(1972 prices)

	Total 1973/79
	£M million
Public investment in infrastructure and productive activities	78.2*
Direct Productive Sectors:	
Agriculture and Fisheries	2.0
Construction, Building, etc	2.8
Manufacturing Industries	66·3
Transport and Communications ...	24.5
Wholesale and retail trades	4.1
Ownership of dwellings	14.0
Hotels	7.2
Private services	6.1
Total Direct Productive Sectors	127.0
Total Gross fixed Capital formation ...	205.2

* This total does not reconcile with the sum of £90.7 in tables 11 and 12 because there is an element of "transfer expenditure" — payments in cash — of some £12.5 million which do not constitute fixed investment in conventional national accounting.

Table 11

TOTAL PUBLIC SECTOR INVESTMENT — PRODUCTIVE
(1972 prices)

Head	Estimated Expenditure 1973/80
	£M million
1. Drydocks Corporation	18.5
2. Development Corporation	5·0
3. National Airline †	0.6
4. Malta Electricity Board	7.5
5. Malta Gas Board	0.4
6. Milk Marketing	0.4
7. Housing Corporation*	—
8. Broadcasting*	—
9. Telecommunications	9.0
TOTAL	41.4

* Presumed no capital funds required from public sources.

† Approximately half of this sum will be subscribed by private investors.

Table 12

TOTAL PUBLIC SECTOR INVESTMENT — INFRASTRUCTURE

(1972 prices)

Item	Estimated Expenditure 1973/80
	£M million
1. Electricity	0.6
2. Water	4.0
3. Roads	3.6
4. Ports	2.4
5. Civil Airport	4.8
6. Sewers	2.6
7. Industrial Development	6.2
8. Tourism	2.8
9. Agriculture	2.8
10. Fisheries	0.4
11. Education	1.8
12. Health	3.9
13. Housing	11.3
14. Antiquities*	0.2
15. Public Buildings	1.9
Historic Buildings*	(0.8)
TOTAL	49.3

* Excludes expenditure out of £1,000,000 for historic buildings.

34. These investment outlays give consideration to the need to utilise, wherever technically possible, local materials in preference to the imported counterpart. Moreover, fullest possible use of labour has been aimed at in all cases.

35. Bearing in mind the objective of generating sufficient employment opportunities as soon as possible within the Plan period, and allowing for gestation delays, an appropriate investment schedule for the manufacturing industry would presume as intensive a programme, during the earlier phases of the Plan, as our absorptive capacity allows. In other sectors, such as tourism, the important consideration will not be new investment so much as the fact that there is need for fuller utilisation of existing capital, before further investment projects are embarked upon.

Financing of Investment

36. Successful implementation of the Plan depends on an adequate supply of financial resources which can be channelled to productive investment.

37. During the Plan period funds to meet the required level of investment will be found from domestic savings coupled with resources accruing from the military base rent receipts, and other flows of finance to the Government. There will also be the finance provided by direct investment undertaken by foreign entrepreneurs, preferably in joint ventures with local capital participation. Foreign involvement is not only contemplated but will be actively encouraged because of the need to provide managerial and technical expertise, access to new technology and foreign markets for local output.

Page 13 para. 37.

Pages 18 to 20 paras. 50 to 57.